1989/90 Annual Report

Alberta
Mortgage
and Housing
Corporation

91-01307/

Alberta

MINISTER OF MUNICIPAL AFFAIRS

127 Legislature Buliding, Edmonton, Alberta, Canada T5K 2B6 403/427-3744

The Honourable Helen Hunley
Lieutenant-Governor
Province of Alberta

Your Honour:

I have the honour to present, for the information of Your Honour and of the Legislative Assembly of Alberta, the annual report of Alberta Mortgage and Housing Corporation, covering the period from April 1, 1989 to March 31, 1990.

Yours sincerely,

Raymond A. Speaker

Raymond A. Speaker
Minister of Municipal Affairs
Chairman
Alberta Mortgage and Housing Corporation

AMHC

Alberta
Mortgage
and Housing
Corporation

9405 - 50 Street
Edmonton, Alberta
Canada T6B 2T4
(403) 468-3535
Fax (403) 468-3555

The Honourable Raymond A. Speaker
Chairman
Alberta Mortgage and Housing Corporation

Sir:

I have the honour to submit the annual report of Alberta Mortgage and Housing Corporation for the year ending March 31, 1990.

Yours truly,

Mary J. Cameron
President
Alberta Mortgage and Housing Corporation

Contents

Message from the Chairman 4

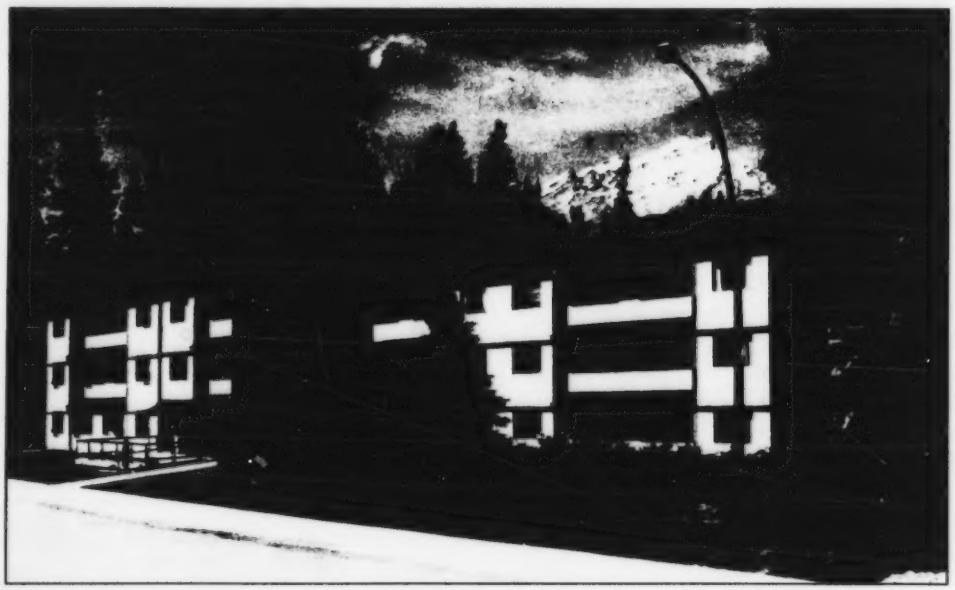
Message from the President 7

Board of Directors 9

1989/90 Social Housing Activity 10

Financial Statements 15

Corporate Offices . . . . . Inside back cover



MOUNT EDITH HOUSE II, BANFF

Heritage Fund

The capital costs of AMHC programs are financed through debenture borrowings from the Alberta Heritage Savings Trust Fund.

Message from the Chairman

THE HONOURABLE RAYMOND A. SPEAKER, CHAIRMAN

It is a pleasure to present my second annual report of the Alberta Mortgage and Housing Corporation.

When I assumed responsibility for the Corporation, it was extensively involved in administering social housing, land, foreclosed property and single- and multi-family mortgages. The time seemed right to assess the Government's housing direction for the 1990s. With the support of our Premier, I initiated a one-year review of AMHC's mandate and programs.

The goals of the review are as follows:

- clarify the role of government in housing;
- address AMHC involvement in land, housing and lending;
- improve fiscal responsibility;
- improve communication and relations with key stakeholders.

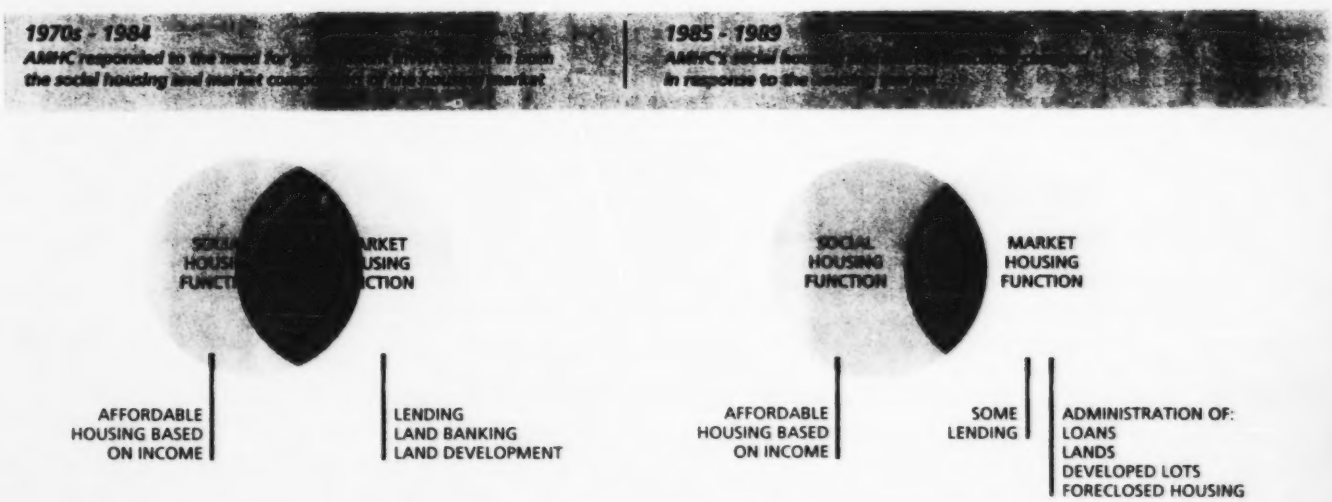
I would like to acknowledge the commitment of former AMHC President Joe Engelman during the growth years of the Corporation. Because a major review of this nature required the perspective of a facilitator with no previous involvement in day-to-day operations, it was more appropriate to ask Board member Mary Cameron to act as President and facilitator of the review. Her assignment was to implement change in an ongoing manner based on input from AMHC Board members, employees, management agencies, industry and interest groups.

Through the review, the AMHC Board and Government have established that the future of AMHC lies in the social housing area, meeting the needs of the disabled, those with special needs, senior citizens and low-income families. We have also established that the market conditions necessitating AMHC's administration of land, foreclosed property, and the mortgage portfolios have changed and that these functions can be better handled by the private sector. To that end, AMHC has divested itself of the following programs and activities no longer serving a social housing purpose:

- ***Land Agreements Resolved:***

  One of the first tasks of the review was to resolve expiring land banking and development agreements with municipalities. This took the form of an offer extended on March 20, 1990 that was financially attractive to municipalities. Response has been extremely positive and we look

AMHC in Transition



forward to seeing these lands under the control of the municipalities.

In addition, a total of 556 lots and 1,353 acres of land were sold for $14.3 million this fiscal year. The Corporation will continue this process of selling lands no longer serving a social housing purpose.

AMHC will conclude its involvement in Canmore, Alberta's flagship residential/tourism area, with the development of 60 residential lots in the Mountview subdivision. The Corporation's lots in Canmore have been optioned or sold for $1.2 million.

▲ ***Purchase Offer Made to Those Renting Residential Units***

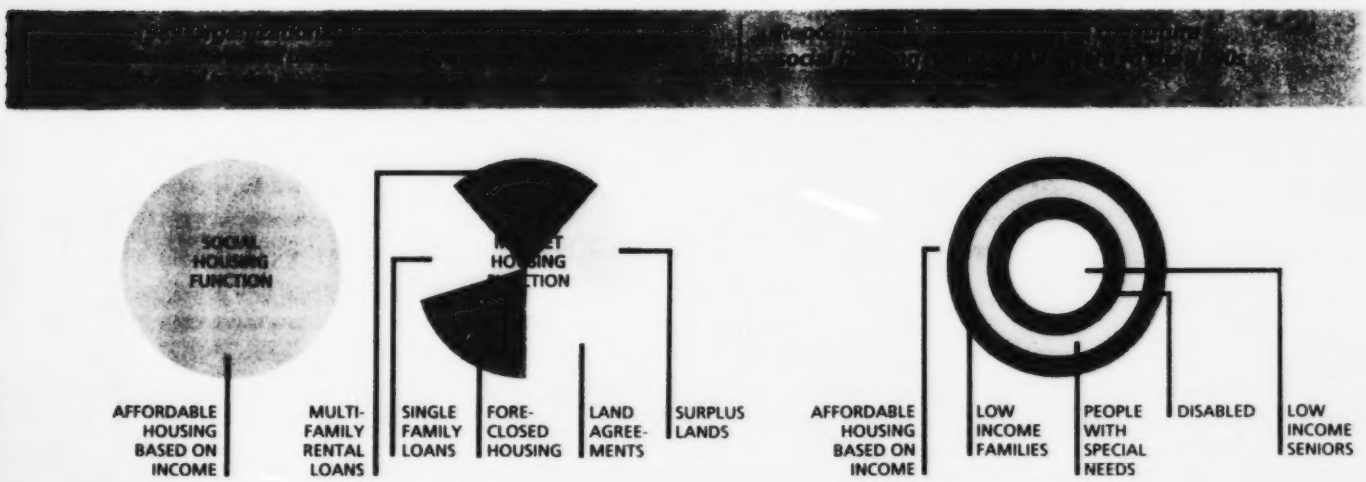
In late 1989 and early 1990, we saw a window of opportunity for us to sell AMHC foreclosed properties. The housing market was vibrant, interest rates reasonable, and we felt it the ideal time to promote this homeownership opportunity. Those persons renting our houses and condominiums were offered the opportunity to purchase at a fixed price with a five percent grant from AMHC and up to $750 in legal fees. A total of 1,130 properties were sold to tenants and on the open market. As of March 31, 1990, the Corporation held 2,784 homeownership units, 36 multi-unit projects, one mobile home park and 13 mobile homes acquired through the Mobile Home Insurance Program. Of these, 1,076 single-family units and 347 multi-family units have been used under the Rent Supplement Program.

▲ ***Sale of Single Family Mortgage Portfolio***

Work was initiated in the 1989-90 fiscal year to move AMHC out of loans administration, culminating in the sale of the single family mortgage portfolio, announced in June 1990. It includes the transfer of $237 million in mortgages to Alberta-based institutions and the further sale of $383 million to the Bank of Montreal through a bid process. Under the terms of the sale, all the terms of the mortgage contract apply until renewal. In addition, mortgagors benefit from the expanded banking services these new financial institutions can offer. The proceeds of the sale will be used to repay the debentures associated with these loans to the Alberta Heritage Savings Trust Fund.

▲ The fourth major area of the organizational review is to resolve AMHC's CHIP/MAP portfolio of multi-family loans. Many of these projects which

The future of AMHC lies in the social housing area, meeting the needs of the disabled, those with special needs, senior citizens and low-income families.



The next phase of the review will be to build a revitalized social housing organization.

were financed during periods of high interest rates and capital costs have experienced substantial arrears problems.

Major reviews of the rent supplement program, as well as the Corporation's involvement in Fort McMurray, were also conducted in 1989-90.

Vision of a New Social Housing Organization

The next phase of the review will be to build a revitalized social housing organization that can provide humane and responsive housing solutions to people in need. The new housing organization will be based on the social housing philosophy arising out of the review.

That organization will:

- administer Alberta's substantial commitment to low-income seniors, the disabled, people with special needs, and low-income families — some 40,000 social housing units already in place;
- be involved in the regeneration of older seniors' lodges and the development of innovative facilities for people with special needs;
- have a role to play in de-institutionalization, enabling the disabled to integrate meaningfully within the community;
- respond to the shelter needs of the disadvantaged in the inner cities of Edmonton and Calgary.

Social Housing Response — 1989-90

Concurrent with the review, AMHC also responded to the social housing needs of Albertans in 1989-90. The Corporation committed $25 million for the construction of 190 lodge beds and 200 self-contained apartment units for senior citizens. An additional $5 million was committed for the regeneration of older lodges.

The province's commitment to low-income families included 143 community housing units which represented a capital commitment of $9.3 million dollars. In addition 631 rent supplement units were directed to low-income families. A total of $11.6 million was also provided in the form of rural and native mortgages housing 162 families. Efforts to house the disabled and others with special needs included the provision of $313,000 in capital financing and housing subsidies for 12 units under the Private Non-profit Program. Also included under the Private Non-profit (Special Purpose) Program were housing subsidies for 32 spaces for the Calgary Drop-in Centre. Project financing was obtained from the Toronto Dominion Bank. An additional $394,000 was provided for six units under the Public Non-profit Program.

I would like to especially thank the AMHC Board for their counsel and commitment during this period — Robert Thompson, Norm Mayer, Frank Lovsin, Barney Germaniuk, Chip Collins, Mary Cameron and Archie Grover. As President, Mary Cameron has set a precedent for how a review of this nature should be carried out. Her ability to keep all efforts directed toward a common goal, to build confidence and achieve results has made this an exciting year. Mary was outstanding in her commitment to the needs and involvement of employees. In respecting and trusting them, she has received their wholehearted respect and trust. Of equal magnitude was the contribution of the Deputy Minister, Municipal Affairs, Archie Grover. Archie's broad understanding of government administration has ensured that impacts of the review are managed in a manner that is consistent with the overall direction of government. In building a new housing organization, he will have a crucial role in ensuring that social housing programs are more closely co-ordinated with support services provided by other government departments. Finally, the objectives of the review could not be accomplished without the efforts of AMHC employees who proved their ability to work positively and creatively throughout a period of change ▲

Message from the President

Since November 1, 1989 my tenure as President of Alberta Mortgage and Housing Corporation has been a process of building on strengths and enhancing relationships with the Corporation's many clients.

AMHC began as a response to a need for housing. My role was to help establish what the focus of government in housing should be in the 1990s.

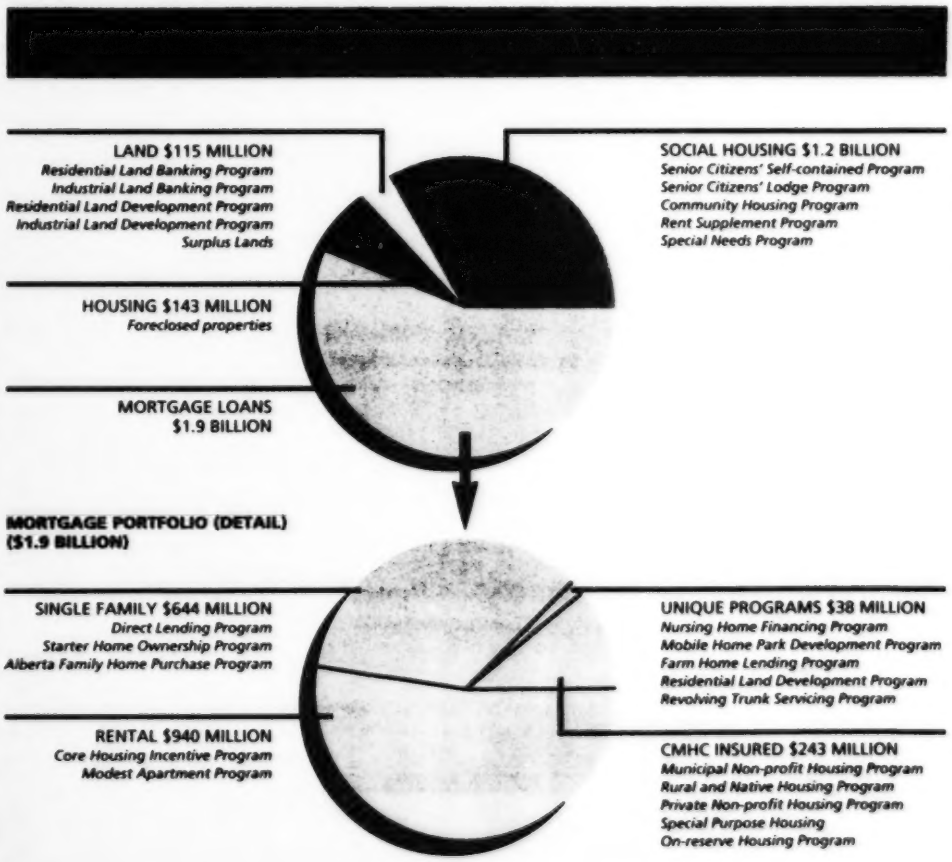
I approached this task with the belief that those who know our programs and clients best—our employees—should be major contributors to the process of change. All reviews occurred within the Corporation and involved managers and staff familiar with, but not directly involved in, the programs.

In order to accomplish our mammoth task, the following review committees were appointed: Rent Supplement, Mortgage Portfolio, CHIP/MAP, Mobile Home Loan Insurance, Fort McMurray and Social Housing Review. Several sub-committees provided policy support to the Social Housing Review committee and there were three internal committees of Finance, Communications and Personnel.

The purpose of the review committees was to make recommendations on the future direction of housing programs. In these and other assignments there were many examples of AMHC staff going far beyond expectation in their ability to solve problems and do what is best for the Corporation and the Province.

We wanted staff to understand the process in which change would occur. Therefore, Committee minutes, even submissions to the AMHC Board and the Minister, were available to employees. Staff were also kept abreast of the review process through frequent

MARY J. CAMERON, PRESIDENT



The separation of social housing and business functions will lead to a clearer focus and sense of identity toward our new social housing mandate.

staff meetings and timely appearances of our newsletter.

Of equal importance to the review is the need to establish dialogue outside the Corporation as to what our role should be. The contributions of many housing industry representatives and interest groups are greatly appreciated. Extensive consultation also took place with our management agencies and other government departments.

In working on the review it became apparent that our social housing and business functions (loans administration, market rentals, land management) were working against each other, causing confused perceptions about AMHC, its role and purpose. With the support of the Board and Government we established the direction that the future role of AMHC lies in the social housing area and that AMHC should divest itself of programs no longer serving a social housing purpose.

The separation of social housing and business functions will lead to a clearer focus and sense of identity toward our new social housing mandate. It should enable us to present ourselves positively and consistently.

Throughout the review the AMHC Board took on an extensive role in committee work and were a very real resource to me as President. Many of our recommendations were enriched by their pragmatism and insight.

It was a real privilege for me to learn from the experience and wisdom of our Minister, the Honourable Ray Speaker. His patient approach to working through complex problems led to many tangible housing solutions. His strong steps to effect change and open communications have built awareness, knowledge and understanding with AMHC staff and clients. The assistance of Deputy Minister, Municipal Affairs, Archie Grover, is also greatly appreciated.

Through the repositioning of Alberta's housing corporation our aim is a strong mandate from Government with a clear focus on social housing. It is my hope that the new housing organization will be a committed team, with a shared philosophy, providing responsive and innovative housing services to Albertans ▲

Social Housing Units at March 31, 1990

	PROVINCE	EDMONTON	CALGARY
SENIORS' HOUSING UNITS			
BY PROGRAM			
SELF-CONTAINED	14,344	4,442	3,683
LODGE	8,222	794	780
COTTAGE UNITS	522	196	256
1/3 CAPITAL GRANT	1,351	901	332
TOTALS	**24,439**	**6,333**	**5,051**
LOW INCOME RENTAL UNITS			
BY PROGRAM			
COMMUNITY HOUSING	10,854	4,498	4,113
RENT SUPPLEMENT (AMHC)	1,429	806	381
RENT SUPPLEMENT (PRIVATE/CO-OPS)	644	326	207
MUNICIPAL NON-PROFIT	2,274	875	1,399
TOTALS	**15,201**	**6,505**	**6,100**
SPECIAL NEEDS UNITS			
BY PROGRAM			
PRIVATE SPECIAL PURPOSE	218	65	38
PRIVATE NON-PROFIT REGULAR	108	73	13
TOTALS	**326**	**138**	**51**

Board of Directors

THE HONOURABLE RAYMOND A. SPEAKER, CHAIRMAN, MINISTER OF MUNICIPAL AFFAIRS

MARY J. CAMERON, PRESIDENT AND VICE-CHAIRMAN

ARCHIE R. GROVER, DEPUTY MINISTER OF MUNICIPAL AFFAIRS

A. F. (CHIP) COLLINS

BARNEY GERMANIUK

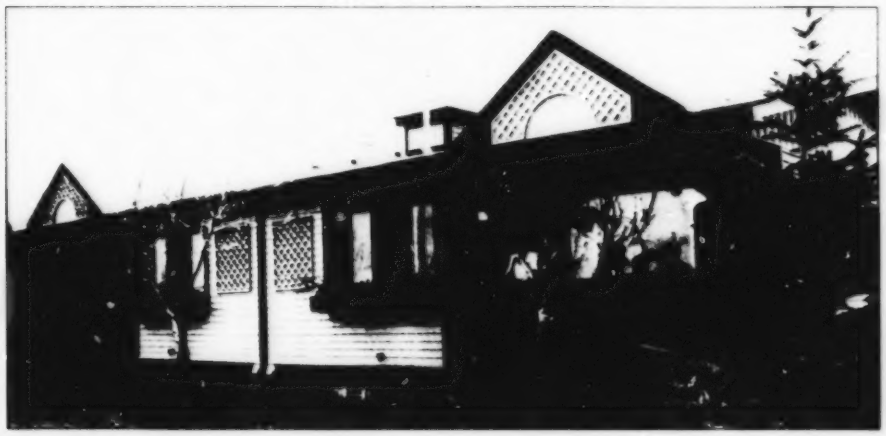
FRANK LOVSIN

NORMAN MAYER

ROBERT THOMPSON

1989/90 Social Housing Activity
at March 31, 1990

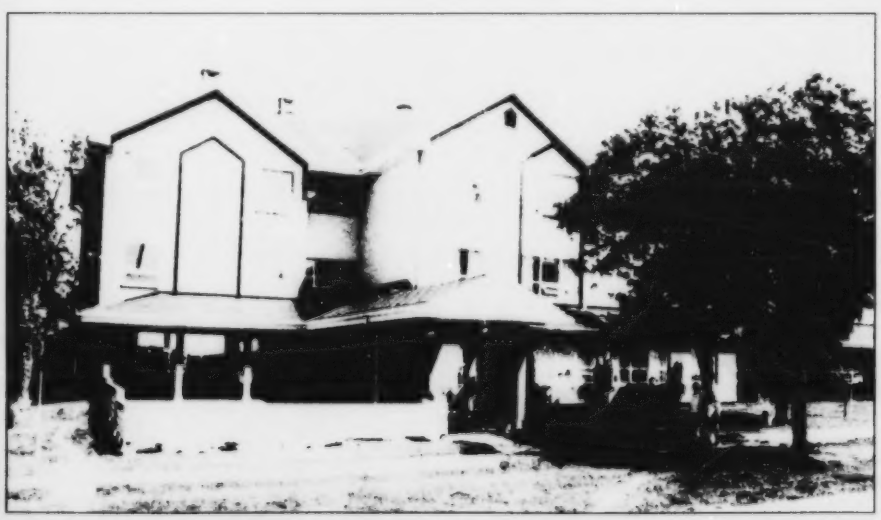
IN PLANNING	SENIOR CITIZENS' LODGE BEDS	SENIORS' SELF-CONTAINED APARTMENT UNITS	COMMUNITY HOUSING UNITS	RENT SUPPLEMENT UNITS	SPECIAL HOUSING UNITS
ANDREW		4			
CALGARY	65	149			
EDMONTON	20				4
FORT MCMURRAY					1
FORT VERMILION			10		
FOX CREEK			6		
LACOMBE		26			
LETHBRIDGE	80		20		
MANNING			6		
MEDICINE HAT					2
PINCHER CREEK		6			
RYCROFT		4			
RYLEY		4			
SHERWOOD PARK		20			
SLAVE LAKE			18		
STETTLER	30				
ST. ALBERT	45				
THREE HILLS		8			
WHITECOURT	30				
WORSLEY		4			
SUBTOTAL	**270**	**225**	**60**	**0**	**7**



GILCHRIST GARDENS
CALGARY

1989/90 Social Housing Activity
at March 31, 1990

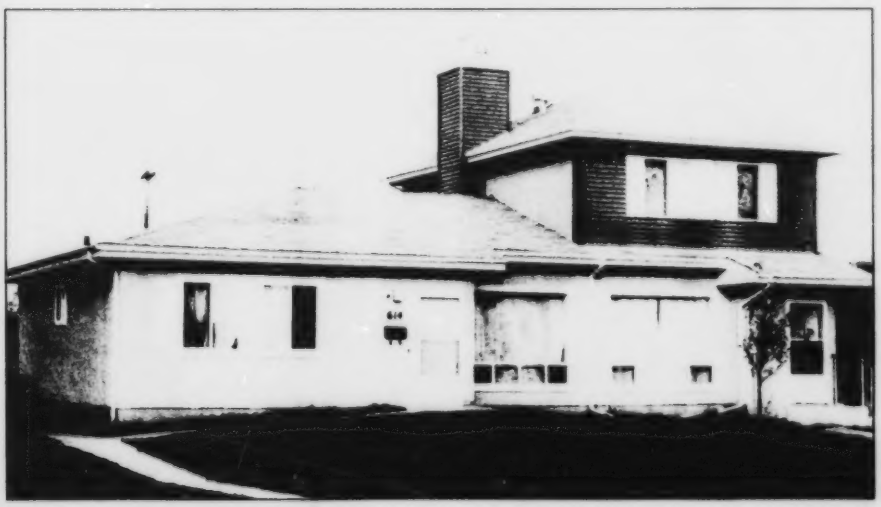
IN PROGRESS	SENIOR CITIZENS' LODGE BEDS	SENIORS' SELF-CONTAINED APARTMENT UNITS	COMMUNITY HOUSING UNITS	RENT SUPPLEMENT UNITS	SPECIAL HOUSING UNITS
BONNYVILLE	44				
- RETROFIT	22				
CALGARY		30			32
CARSTAIRS	30				
CASTOR		6			
DEWBERRY		4			
DRAYTON VALLEY	38				
- RETROFIT	22				
DRUMHELLER		6			
ECKVILLE		8			
EDMONTON		98			
GLENDON		4			
GRASSY LAKE		4			
LEGAL		4			
NAMPA		4			
PEACE RIVER			22		
RED DEER			16		
STONY PLAIN		36			
SUBTOTAL	**156**	**204**	**38**	**0**	**32**



LETHBRIDGE LEGION TERRACE

1989/90 Social Housing Activity at March 31, 1990

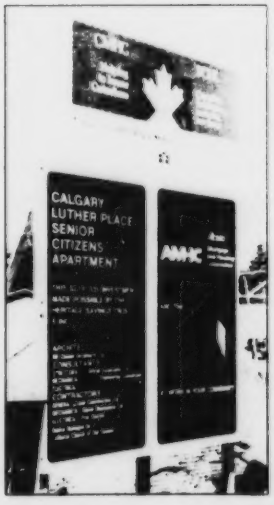
COMPLETED	SENIOR CITIZENS' LODGE BEDS	SENIORS' SELF-CONTAINED APARTMENT UNITS	COMMUNITY HOUSING UNITS	RENT SUPPLEMENT UNITS	SPECIAL HOUSING UNITS
ANZAC		4			
BANFF		12		1	
CALGARY		76		94	13
CANMORE			28		
EDMONTON				121	63
FORT VERMILION			7		
HEISLER		4			
LETHBRIDGE		33	12	23	
OKOTOKS	30				
PINCHER CREEK			4		
RAYMOND					18
SHERWOOD PARK					4
SLAVE LAKE				10	
ST. PAUL				18	
STONY PLAIN	60				5
VERMILION		15			
VULCAN		6			
WAINWRIGHT		24			
SUBTOTAL	**90**	**174**	**51**	**267**	**103**



SLAVE LAKE COMMUNITY HOUSING

1989/90 Social Housing Activity
at March 31, 1990

TRANSFERRED	SENIOR CITIZENS' LODGE BEDS	SENIORS' SELF-CONTAINED APARTMENT UNITS	COMMUNITY HOUSING UNITS	RENT SUPPLEMENT UNITS	SPECIAL HOUSING UNITS
AIRDRIE				12	
BONNYVILLE			8		
BROOKS				2	
CALGARY				90	3
COALDALE				2	
COALHURST				3	
EDMONTON			36	181	1
EDSON				12	
FORT MCMURRAY			2	13	
FORT VERMILION			4		
GRAND CENTRE			2		
GRANDE PRAIRIE			4		
HIGH LEVEL			4		
HIGH PRAIRIE			5		
HIGH RIVER				5	
HINTON				3	
LAC LA BICHE			2		
LACOMBE				3	
LETHBRIDGE			7		1
MEDICINE HAT				5	
OKOTOKS				2	
OLDS				2	
PEACE RIVER			2		
PENHOLD				2	
PONOKA				4	
REDCLIFF				6	
RED DEER				3	
ROCKY MOUNTAIN HOUSE				2	
ROSEMARY				1	
SLAVE LAKE			3		
STRATHMORE				4	
ST. ALBERT					1
SYLVAN LAKE				7	
SUBTOTAL	**0**	**0**	**79**	**364**	**6**
GRAND TOTAL	**516**	**603**	**228**	**631**	**148**



1989/90 Contribution by the Province of Alberta
(Millions of dollars)

TOTAL: $171.4
MORTGAGE LENDING PROGRAM COSTS $48.2
REAL ESTATE PROGRAM COSTS $9.5
ADMINISTRATIVE SUPPORT $5.3
LAND AND SOCIAL HOUSING PROGRAM COSTS $108.4

Loans and Insurance Approved
1989/90 Fiscal Year

	TOTAL UNITS	LOAN AMOUNT ($'000S)
MOBILE HOME LOAN INSURANCE PROGRAM	1,727	–
ALBERTA FAMILY HOME PURCHASE PROGRAM	414	$ 19,233
RURAL & NATIVE HOUSING PROGRAM	162	$ 11,628
MODEST APARTMENT PROGRAM	48	$ 904
PRIVATE NON-PROFIT HOUSING PROGRAM	12	$ 313
MOBILE HOME PARK	52	$ 254
TOTAL ACTIVITY	**2,415**	**$ 32,332**

Auditor's Report 16

Balance Sheet 17

Statement of Revenue, Expenditure and Unfunded Operating Deficit 18

Statement of Changes in Financial Position 20

Notes to the Financial Statements 22

CANMORE COMMUNITY HOUSING

Auditor's Report

To the Board of Directors of the
Alberta Mortgage and Housing Corporation

I have examined the balance sheet of the Alberta Mortgage and Housing Corporation as at March 31, 1990 and the statements of revenue, expenditure and unfunded operating deficit and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Donald D. Salmon

FCA
Auditor General

Edmonton, Alberta
July 13, 1990

Alberta Mortgage and Housing Corporation

Balance Sheet

as at March 31, 1990 (thousands of dollars)

	1990	1989
ASSETS		
Cash	**$ 23,463**	$ 21,924
Accounts receivable	**28,494**	26,786
Marketable securities (Note 3)	**8,726**	11,649
Agreements receivable (Note 4)	**10,596**	11,820
Investments in programs (Note 5):		
Mortgages and loans receivable	**1,536,462**	1,698,240
Housing	**1,065,368**	1,063,326
Real estate	**143,448**	190,796
Land	**103,717**	123,034
Fixed assets (Note 6)	**1,495**	1,053
	$2,921,769	$ 3,148,628
LIABILITIES AND NET DEFICIT		
Accounts payable	**$ 11,127**	$ 10,439
Accrued interest payable	**129,766**	138,737
Short-term notes payable (Note 7)	**11,866**	9,946
Property tax deposits on mortgages	**23,404**	24,475
Due to the Province of Alberta (Note 8)	**29,196**	17,987
Unearned premiums	**8,495**	8,500
Advance from the Province of Alberta (Note 9)	**253,510**	273,110
Long-term debt (Note 10)	**3,035,167**	3,244,543
	3,502,531	3,727,737
Net deficit (Note 11)	**(580,762)**	(579,109)
	$2,921,769	$ 3,148,628

The accompanying notes are part of these financial statements.

Alberta Mortgage and Housing Corporation

Statement of Revenue, Expenditure and Unfunded Operating Deficit

For the Year Ended March 31, 1990 (thousands of dollars)

	Mortgage Lending	Housing
REVENUE		
Interest		
Mortgages and loans	$ 88,974	$ –
Bank and other	105	1,026
Marketable securities	–	–
Rents	–	70,739
Sales	–	4,243
Insurance premiums earned	1,458	–
Other	2,554	309
	93,091	76,317
EXPENDITURE		
Interest	124,658	133,418
Costs of sales	–	3,431
Materials, supplies and repairs	97	27,123
Taxes, utilities and condominium fees	–	26,245
Manpower and staff development	2,270	14,229
Depreciation	–	21,030
Grants and subsidies	–	11,806
Bad debts and provisions for losses	3,115	37
Rent and office costs	375	1,075
Travel and communication	197	564
Write down in value of land program investments	–	–
	130,712	238,958
Excess of expenditure over revenue from continuing operations before recoveries	(37,621)	(162,641)
Recovered from:		
Canada Mortgage and Housing Corporation	–	53,819
Municipal authorities	–	2,542
Excess of expenditure over revenue from continuing operations	(37,621)	(106,280)
Excess (deficiency) of revenue over expenditure on discontinued operation (Note 12)	(6,633)	–
Excess of expenditure over revenue for the year	(44,254)	(106,280)
Contributed by Province of Alberta (Note 8)	48,237	98,807
	3,983	(7,473)
Unfunded operating deficit at beginning of year	(377,683)	(76,293)
Unfunded operating deficit at end of year (Note 11)	$ (373,700)	$ (83,766)

Real Estate	Land	Administrative Support	Total 1990	Total 1989
$ –	$ –	$ –	**$ 88,974**	$ 86,240
–	140	1,864	**3,135**	2,098
–	–	901	**901**	1,663
17,950	–	–	**88,689**	89,790
65,787	14,292	–	**84,322**	96,133
–	–	–	**1,458**	1,422
–	–	648	**3,511**	2,698
83,737	14,432	3,413	**270,990**	280,044
22,915	–	18	**281,009**	290,767
57,925	11,869	–	**73,225**	92,120
5,981	26	943	**34,170**	30,818
6,532	–	–	**32,777**	33,062
1,721	602	4,849	**23,671**	22,307
–	–	768	**21,798**	20,859
–	–	–	**11,806**	12,280
102	11,000	–	**14,254**	(36,482)
285	100	1,497	**3,332**	3,244
149	52	217	**1,179**	1,005
–	–	–	**–**	1,032
95,610	23,649	8,292	**497,221**	471,012
(11,873)	(9,217)	(4,879)	**(226,231)**	(190,968)
2,408	–	–	**56,227**	54,750
–	–	–	**2,542**	2,960
(9,465)	(9,217)	(4,879)	**(167,462)**	(133,258)
–	–	–	**(6,633)**	9,328
(9,465)	(9,217)	(4,879)	**(174,095)**	(123,930)
9,465	9,555	5,321	**171,385**	169,615
–	338	442	**(2,710)**	45,685
–	(153,741)	1,053	**(606,664)**	(652,349)
$ –	$ (153,403)	$ 1,495	**$ (609,374)**	$ (606,664)

Alberta Mortgage and Housing Corporation

Statement of Changes in Financial Position

For the Year Ended March 31, 1990 (thousands of dollars)

	Mortgage Lending	Housing
Cash provided by (applied to):		
Operating activities	$ (26,144)	$ (86,109)
Investing activities	143,663	(22,213)
Financing activities	(217,828)	9,509
Net decrease in cash	$ (100,309)	$ (98,813)
Net operating advance from the Province of Alberta (Note 8)		
Cash at beginning of year		
Cash at end of year		
Operating activities:		
Excess of expenditure over revenue for the year	$ (44,254)	$ (106,280)
Non-cash transactions:		
Write down of land	–	–
Bad debts and provisions for losses	18,115	37
Depreciation	–	21,030
Loss (gain) on sale	–	(896)
Amortization:		
Mortgage insurance premiums	(1,458)	–
Discount on marketable securities	–	–
Insurance premiums received	1,453	–
Net change in non-cash working capital	–	–
	$ (26,144)	$ (86,109)
Investing activities:		
Purchases of marketable securities	$ –	$ –
Mortgage advances and acquisition of other assets	(33,102)	(22,201)
Reduction in agreements receivable	–	–
Proceeds from sale of marketable securities	–	–
Proceeds from other sales and transfers	–	4,207
Repayments and discharges	176,765	–
Acquisitions through foreclosures	–	–
Transfers from real estate	–	(2,363)
Transfers from land	–	(1,856)
	$ 143,663	$ (22,213)
Financing activities:		
Debentures issued to the Province of Alberta	$ 56,000	$ 22,000
Repayment of long-term debt	(273,828)	(13,548)
Repayment of advance to the Province of Alberta	–	–
Contributed surplus from the Province of Alberta	–	1,057
	$ (217,828)	$ 9,509

Real Estate	Land	Administrative Support	Total 1990	Total 1989
$ (17,225)	$ (781)	$ (13,578)	**$ (143,837)**	$ (163,843)
55,108	10,881	3,262	**190,701**	151,675
–	(19,600)	–	**(227,919)**	(168,882)
$ 37,883	$ (9,500)	$ (10,316)	**(181,055)**	(181,050)
			182,594	157,513
			1,539	(23,537)
			21,924	45,461
			$ 23,463	$ 21,924
$ (9,465)	$ (9,217)	$ (4,879)	**$ (174,095)**	$ (123,930)
–	–	–	**–**	1,032
102	11,000	–	**29,254**	(36,482)
–	–	768	**21,798**	20,859
(7,862)	(2,564)	(30)	**(11,352)**	(4,184)
–	–	–	**(1,458)**	(1,422)
–	–	(295)	**(295)**	(662)
–	–	–	**1,453**	1,196
–	–	(9,142)	**(9,142)**	(20,250)
$ (17,225)	$ (781)	$ (13,578)	**$ (143,837)**	$ (163,843)
$ –	$ –	$ (6,747)	**$ (6,747)**	$ –
–	(3,196)	(1,223)	**(59,722)**	(58,040)
–	–	1,224	**1,224**	50
–	–	9,965	**9,965**	16,189
70,119	16,148	43	**90,517**	100,730
–	–	–	**176,765**	127,791
(15,011)	–	–	**(15,011)**	(30,665)
–	(2,071)	–	**(4,434)**	(2,192)
–	–	–	**(1,856)**	(2,188)
$ 55,108	$ 10,881	$ 3,262	**$ 190,701**	$ 151,675
$ –	$ –	$ –	**$ 78,000**	$ 76,000
–	–	–	**(287,376)**	(233,111)
–	(19,600)	–	**(19,600)**	(11,778)
–	–	–	**1,057**	7
$ –	$ (19,600)	$ –	**$ (227,919)**	$ (168,882)

Note 1
Authority

The Alberta Mortgage and Housing Corporation operates under the authority of the Alberta Mortgage and Housing Corporation Act, Chapter A-32.5, Statutes of Alberta 1984, as amended.

Note 2
Significant Accounting Policies and Reporting Practices

These financial statements include the assets and liabilities and the results of operations of the Mortgage Insurance Fund and the Mobile Home Insurance Fund.

Summary of significant accounting policies:

a. Mortgages and loans receivable

Mortgages and loans receivable are reported at cost less an allowance for anticipated losses. Cost includes amounts advanced, accrued interest, property taxes, and other charges, less repayments and interest subsidies.

b. Housing

Housing program assets are reported at cost less accumulated depreciation.

c. Real estate

Real estate program assets are reported at the lower of cost and net realizable value, on an aggregate basis.

d. Land

Land program assets, designated for sale, are reported at the lower of cost and net realizable value. Land program assets, held for future development, are reported at cost. Land transferred to the Corporation at nominal value is recorded at fair market value at date of acquisition. Enduring declines in value subsequent to acquisition are written off.

e. Interest revenue — mortgages and loans receivable

Interest is recognized on an accrual basis until the loan is classified as non-accrual. Interest on non-accrual loans is recognized as revenue on a cash basis. Mortgages and loans on multi-unit rental properties are classified as non-accrual when interest or principal payments are contractually past due 30 days. All other mortgages and loans are classified non-accrual when interest or principal payments are contractually past due 90 days. Mortgages and loans guaranteed by the Province of Alberta or the Government of Canada are not classified as non-accrual.

f. Depreciation of assets

Housing program assets and fixed assets are depreciated at the following rates:

Housing program:	
Buildings	Between 1.66% and 2% per annum straight-line
Furniture, fixtures and equipment	10% per annum straight-line
Fixed assets:	
Office furniture and equipment	20% per annum on a declining balance
Computer equipment	40% per annum on a declining balance

g. Contributed surplus

Assets transferred from the Province of Alberta at nominal values are recorded at fair market value at acquisition date. Contributed surplus arising from these transfers is deducted from unfunded operating deficit to arrive at the net deficit of the Corporation.

Note 3
Marketable Securities (thousands of dollars)

Marketable securities consist of the following:

	1990	1989
Treasury bills and coupon notes	$ 6,215	$ 5,994
Government of Canada bonds	2,511	5,655
	$ 8,726	$ 11,649
Market value	$ 8,671	$ 11,389

Note 4
Agreements Receivable (thousands of dollars)

Other receivables result from agreements to finance the following:

	1990	1989
Sale and development of the Corporation's land:		
Municipal	$ 4,760	$ 5,349
Private	1,040	1,545
Student residences — Province of Alberta	4,176	4,327
Sale of the Corporation's surplus housing	620	599
	$ 10,596	$ 11,820

Note 5
Investments in Programs (thousands of dollars)

a. Mortgages and loans receivable

Mortgages and loans receivable consist of the following:

	1990	1989
Cost	$1,864,962	$ 2,026,640
Less allowances for losses	328,500	328,400
Book value	$1,536,462	$ 1,698,240

The analysis of the mortgages and loans receivable by lending program is as follows:

Current:		
Home ownership	**$ 736,378**	$ 817,455
Less allowance for loss on disposal	**15,000**	–
	721,378	817,455
Multi-unit rentals	**315,135**	317,446
Land and others	**9,047**	8,778
	1,045,560	1,143,679
Non-Accrual:		
Home ownership	**1,745**	10,913
Multi-unit rentals	**785,376**	801,758
Land and others	**17,281**	70,290
	804,402	882,961
Less allowances for losses on non-accrual amounts:		
Home ownership	**–**	700
Multi-unit rentals	**301,500**	300,500
Land and others	**12,000**	27,200
	313,500	328,400
Net non-accrual	**490,902**	554,561
	$1,536,462	$ 1,698,240

b. Housing

Housing consists of assets used in the delivery of housing programs.

	Land	Buildings	Furniture Fixtures and Equipment	Work in Progress	Total
Senior citizens' self-contained units	$ 61,503	$ 562,334	$ 17,392	$ 5,558	$ 646,787
Community housing	53,288	311,247	9,626	654	374,815
Senior citizens' lodges	7,011	124,614	3,854	8,471	143,950
Industrial and mobile home parks	50,480	–	–	–	50,480
Provincial staff housing	4,077	17,809	551	2	22,439
Other	1,325	4,683	145	515	6,668
Total cost	177,684	1,020,687	31,568	15,200	1,245,139
Accumulated depreciation	–	152,805	26,966	–	179,771
1990 Net book value	**$ 177,684**	**$ 867,882**	**$ 4,602**	**$ 15,200**	**$1,065,368**
1989 Net book value	$ 179,057	$ 861,227	$ 6,966	$ 16,076	$ 1,063,326

c. *Real estate*

Real estate consists of properties acquired on settlements of mortgage claims and foreclosures. These properties are designated for sale and in the previous year were valued at cost less enduring declines in value. Since it is now the Corporation's intention to dispose of these properties in the short-term, they are valued at the lower of cost and net realizable value, on an aggregate basis.

d. *Land*

Land is acquired for future development by the Corporation to meet housing program needs and under land banking and development agreements for sale to municipalities.

	1990	1989
Designated for sale	$ 74,002	$ 80,885
Less allowance for losses	11,000	–
	63,002	80,885
Held for future development	40,715	42,149
	$ 103,717	$ 123,034

Note 6

Fixed Assets (thousands of dollars)

Fixed assets are used in administrative support and consist of the following:

	Cost	Accumulated Depreciation	Net Book Value 1990	Net Book Value 1989
Computer	$ 4,463	$ 3,494	$ 969	$ 492
Office furniture and equipment	1,468	979	489	524
Land	37	–	37	37
	$ 5,968	$ 4,473	$ 1,495	$ 1,053

Note 7

Short-Term Notes Payable

Short-term notes payable are held by the Alberta Provincial Corporation Loan Fund and mature within one year.

Note 8

Due to the Province of Alberta (thousands of dollars)

Due to the Province of Alberta consists of the following:

	1990	1989
Balance brought forward	$ 17,987	$ 30,089
Net operating advance	182,594	157,513
Contribution by the Province to fund a portion of the excess of expenditure over revenue for the year	(171,385)	(169,615)
Balance carried forward	$ 29,196	$ 17,987

Note 9
Advance from the Province of Alberta

The advance from the General Revenue Fund of the Province of Alberta is interest-free and is repayable on demand.

Note 10
Long-Term Debt (thousands of dollars)

Long-term debt consists of the following:

	1990	1989
Debentures payable		
– Province of Alberta, maturing 1990 to 2015, with a weighted average interest rate of 10.81%	**$2,925,905**	$ 3,134,070
– Canada Mortgage and Housing Corporation, maturing 1998 to 2030, with a weighted average interest rate of 9.07%	**107,870**	108,550
Mortgages and agreements for sale		
– Province of Alberta	**1,051**	1,577
– Canada Mortgage and Housing Corporation	**341**	346
	$3,035,167	$ 3,244,543

a. The repayment of principal and interest of all borrowings of the Corporation is guaranteed by the Province of Alberta.

b. Debentures are repayable in equal annual or semi-annual instalments of blended principal and interest over the terms to maturity.

c. Approximate aggregate repayments due in each of the next five years are:

	1990	1989
1989-90	**$ –**	$ 190,100
1990-91	**193,129**	198,101
1991-92	**128,388**	129,333
1992-93	**121,703**	122,857
1993-94	**120,007**	121,406
1994-95	**118,184**	–

Note 11
Net Deficit (thousands of dollars)

The net deficit consists of the following:

	1990	1989
Mortgages and loans receivable:		
Allowances for losses	$ 328,500	$ 328,400
Loss on foreclosures	45,200	49,283
	373,700	377,683
Housing:		
Depreciation	85,041	77,677
Capitalization of program assets	(1,275)	(1,384)
	83,766	76,293
Land:		
Write down and allowance for losses	153,403	153,741
Administrative support:		
Capitalization of fixed assets	(1,495)	(1,053)
Unfunded operating deficit	609,374	606,664
Less: Contributed surplus arising from the transfer of assets from the Province of Alberta	28,612	27,555
	$ 580,762	$ 579,109

Note 12
Discontinued Operation (thousands of dollars)

On March 6, 1990, the Board of Directors approved a plan for the sale of the residential mortgage portfolio. Management expects that the sale of these mortgages will be completed by December 31, 1990. Accordingly, the deficiency of revenue over expenditure on the residential mortgages has been accounted for as a discontinued operation and the previously reported financial statements have been restated.

The book value of the residential mortgages at March 31, 1990 is as follows:

Cost	$ 643,864
Allowance for loss on disposal	15,000
	$ 628,864

These mortgages are reported as part of the home ownership mortgages in Note 5(a) to the financial statements.

Additional information on the discontinued operation is as follows:

	1990	1989
Interest revenue	$ 76,010	$ 82,078
Excess of revenue over expenditure for the year	$ 8,367	$ 9,328
Provision for loss on disposal	(15,000)	–
Excess (deficiency) of revenue over expenditure on discontinued operation	$ (6,633)	$ 9,328

Disposal dates for the assets relating to the discontinued operation are not known and therefore the results of operation from April 1, 1990 to the disposal date are not provided.

Note 13
Mobile Home Loan Insurance (thousands of dollars)

Mobile home loans amounting to $149,071 (1989 $132,241) are insured by the Corporation.

Note 14
Capitalization of Interest (thousands of dollars)

During the year, the Corporation allocated $2,470 (1989 $1,109) interest to construction projects.

Note 15
Commitments and Contractual Obligations (thousands of dollars)

The Corporation has commitments for unadvanced amounts on approved mortgages totalling $12,111 (1989 $11,000) and contractual obligations for construction projects totalling $14,065 (1989 $18,872).

Note 16
Contingent Liabilities (thousands of dollars)

The Corporation is involved in a number of legal proceedings, the outcome of which cannot be predicted at this time. Claims amounting to $13,800 (1989 $1,100) have been filed against the Corporation. In the opinion of management, the disposition of these cases will not materially affect the financial position of the Corporation. Any settlement will be charged to income in the year the settlement occurs.

Note 17
Comparative Figures

The 1989 figures have been restated where necessary to conform to 1990 presentation.

Note 18
Approval of Financial Statements

These financial statements have been approved by the Board of Directors of the Corporation.

Corporate Offices

Head Office

9405 - 50 Street
Edmonton
T6B 2T4
Phone: 468-3535

Regional Offices

#100, 8657 - 51 Avenue
Edmonton
T6E 6A8
Phone: 468-0700

2924 - 11 Street N.E.
Calgary
T2E 8C4
Phone: 250-4600

District Offices

9909 - 102 Street
Grande Prairie
T8V 2V4
Phone: 539-4801

194 Grenfell Crescent
Fort McMurray
T9H 2M6
Phone: 743-2673

5238 - 50 Avenue
St. Paul
T0A 3A0
Phone: 645-5600

5913 Gaetz Avenue
Red Deer
T4N 4C4
Phone: 343-7788

220 - 4 Street S.
Lethbridge
T1J 4J7
Phone: 329-8722